

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2955 – HB 3214**

February 20, 2012

**SUMMARY OF AMENDMENT (012985):** Deletes all language after the enacting clause. Authorizes issuance of special license plates for honorably discharged Iraqi and Afghanistan veterans and Operation New Dawn veterans on a revenue neutral basis. Redesigns the current special license plates for Operation Iraqi Freedom and Operation Enduring Freedom. The redesign of these license plates shall only take place when the existing inventory of such plates has been utilized by the Department of Revenue. In addition, the bill creates a new special license plate for Operation New Dawn to be designed by the Commissioner of Veteran's Affairs in consultation with the Commissioner of Revenue.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenues - \$8,800/One-Time**

**Increase State Expenditures - \$8,800/One-Time**

Assumptions applied to amendment:

- Current motor vehicle law Tenn. Code Ann. § 55-4-203(c)(1) and Tenn. Code Ann. § 55-4-253 relating to honorably discharged veterans provides that military cultural plates shall be issued upon the payment of the regular registration fee and a fee equal to the cost of actually designing and manufacturing the plates. The issuance of these plates is revenue neutral. The manufacturing cost is \$4.25 for an automobile license plate and \$2.25 for a motorcycle license plate.
- The bill changes the artwork for the Operation Iraqi Freedom and Operation Enduring Freedom military cultural plates, but allows the artwork change without a new metal plate issuance.
- As of January 2012, the number of plates issued for Operation Iraqi Freedom is 3,091; Operation Enduring Freedom is 711; Operation Iraqi Freedom motorcycle is 230; and Operation Enduring Freedom motorcycle is 57.

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- The bill also creates a new military cultural plate for Operation New Dawn. It is assumed that 500 of these plates will be requested.
- Based on current registration totals, it is assumed that approximately 1,000 plates for Iraqi Freedom, 500 plates for Enduring Freedom, 500 plates for Operation New Dawn, 100 motorcycle plates for Iraqi Freedom, and 25 motorcycle plates for Enduring Freedom will be requested (a total of 2,000 auto plates and a total of 125 motorcycle plates).
- The cost of making each new auto plate will be absorbed into a \$4.25 initial issuance fee for new metal plates.
- Total one-time increase in state expenditures is based on 2,000 total auto plates at a cost of \$4.25 each = \$8,500.00 (cost of producing the plate); and a total of 125 motorcycle plates at a cost of \$2.25 each = \$281.25 (cost of producing the plate).
- Total one-time increase in state expenditures will be \$8,781.25 (\$8,500.00 + \$281.25).
- Total one-time increase in state revenue is based on 2,000 total auto plates at a one-time fee of \$4.25 each = \$8,500.00 (paid at new metal issuance); and a total of 125 total motorcycle plates at a one-time fee of \$2.25 each = \$281.25 (paid at new metal issuance).
- Total one-time increase in state revenue will be \$8,781.25 (\$8,500.00 + 281.25).
- Regardless of the total number of plates manufactured, the bill is revenue neutral since the cost to manufacture any plate will be offset by the one-time fee of the same amount passed along to the registrant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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